

CHAPTER 4

SPECIAL PROCEDURES IN ESTABLISHING AND REVISING PROJECTS

Some procedures and requirements are applicable to only certain types of projects. These procedures and the circumstances under which they are applicable are discussed below.

Special Procedures by Funding Source

Some procedures and requirements are applicable to certain projects based on the funding source or sources used. Specific requirements for projects funded with capital improvement bond funds and contingency revolving funds are discussed below.

Capital Improvement Bond Funds - Section 2-47-35 of the Code of Laws specifies that no project authorized for any capital improvement bond funding can be implemented until funds are made available and until the Joint Bond Review Committee, in consultation with the Budget and Control Board, establishes priorities for funding the projects. To comply with this law, a schedule for the spend-out of bond funds is prepared every six months for periods running from July through December and January through June. These periods are known as priority groups.

The priority group release schedule specifies the amount of authorized bond funds available for draw for each six-month period. This schedule is approved by JBRC and the Board prior to the release of any bond funds for "new start" projects in each priority group. Unless advised to the contrary, the "trailing draws" for a new start project (the draws in subsequent periods) are considered available in the periods scheduled without further JBRC or Board action.

Because of the law requiring JBRC and the Board to establish funding priorities for capital improvement bond (CIB) funds, no agency can establish a project using CIB funds until the project has been approved as a "new start" project for a specific priority group release period. For example, if a project, authorized funds in 1997, is scheduled as a "new start" project for Priority Group 33 (July-December 1998), an A-1 form to establish the project cannot be processed by the Capital Improvements Unit until the release schedule for Priority Group 33 has been approved by JBRC and the Board.

Contingency Revolving Fund - The Contingency Revolving Fund is a special source of capital improvement bond funds to be used to finance emergency permanent improvement repair and replacement projects. All agencies, with the exception of the institutions of higher education and the Departments of Mental Health and Disabilities and Special Needs, can request funds from this account. Unanimous approval by JBRC and the Board is required for agencies to use contingency revolving funds.

To request the use of contingency revolving funds, an A-1 form should be submitted simultaneously to the Joint Bond Review Committee and to the Budget and Control Board through the Capital Improvements Unit. The form must justify the emergency situation, indicate the need to address the problem in a timely manner, and state that no other funding source is available to meet the emergency need. If the request to use contingency revolving funds is unanimously approved by JBRC, the Capital Improvements Unit presents the request to the Budget and Control Board at its next scheduled meeting.

Budget Transfers Between Projects

When an agency requests transferring funds between projects, it should ensure that sufficient funds remain in the project from which the funds are to be transferred. Prior to submitting A-1 forms to transfer funds between projects, the agency should check the most recent SPIRS month-end report to ensure that the remaining balance in the project being decreased is sufficient to allow the transfer to take place. Further, if the source of funds to be transferred is capital improvement bonds, institution bonds, revenue bonds, excess debt service or capital reserve funds, the agency should check the most recent State Treasurer's monthly Debt Management System report to determine if the available balance is adequate to allow the transfer to take place. If inconsistencies exist between the balances on either of these two reports and the agency's balances, the discrepancies should be cleared before the A-1 forms are submitted to transfer funds.

Projects Approved as Part of APIP

Upon JBRC review and Budget and Control Board approval of agency Annual Permanent Improvement Programs (APIP), each agency is authorized to implement the new projects proposed in its APIP without further review by JBRC or the Board. When the agency is ready to establish an APIP project, an A-1 form, along with an accompanying A-49 form, is submitted to the Capital Improvements Unit which assigns the project number, provided the budget, funding and scope of the project have not changed. The A-1 form is then forwarded to the Board's authorized representative for signature.

If the budget, scope or funding of the project differ from that approved in APIP, the project request may require additional review and approval by either JBRC and Board staff or by the Joint Bond Review Committee and the Budget and Control Board. Further, APIP approvals are valid only for the APIP year which runs from July 1 through June 30. Therefore, if a project approved as part of APIP is established after the end of the APIP year, the project request must again be reviewed and approved by JBRC staff or by JBRC and the Board.

Project Close-outs

In order to close-out a project and remove the project from the SPIRS system, the project balance must be zero. This means that the final project budget at close-out must equal the final expenditure amount on the project. Several procedures may be necessary to zero out a project balance at close-out and reconcile expenditure amounts with other offices involved with the project.

SPIRS System Expenditures - Expenditures on the SPIRS system may not be accurate if the agency has made an error on a voucher or if the Comptroller General's Office keys a voucher inaccurately. Prior year expenditures can be corrected on the SPIRS system by making a written request to the Capital Improvements Unit, including the amount of the adjustment, the source of funds to be adjusted and the expenditure object code(s) to be increased or decreased. Current year expenditures can only be adjusted by journal voucher through the Comptroller General's Office.

To ensure that all expenditures are accurately reported on the SPIRS system, projects should not be closed until at least 60 days after the last expenditure voucher is submitted for payment. In addition,

reconciling agency expenditures each month with the SPIRS reports and correcting errors as they are found will ensure project expenditures are accurate and will speed project close-outs.

Budget Increase or Decrease - If project expenditures are accurate on the SPIRS system, an A-1 form may be necessary to increase or decrease the project budget in order to zero out the project balance. A budget decrease should be requested if there is a positive project balance. A budget increase should be requested if there is an budget overdraft in the project.

Reconciling with State Treasurer's Balances - If the budget for the project to be closed includes any type of bond funds, excess debt service, or capital reserve funds, a review of the State Treasurer's balances may be necessary. For a project whose budget is being decreased and/or funds transferred to another project, the State Treasurer's Debt Management System must show that sufficient funds remain to be drawn from that project so that the project budget can be decreased and/or those funds transferred.

Source of Funds Projects

A source of funds project is a permanent improvement project established to provide a source of funds for a specific purpose, such as land acquisitions, preventive maintenance or contingencies. A source of funds project differs from other projects in that no expenditures are made against the project. The project only commits funds to provide a source of funding from which other projects can be established.

An A-1 form is necessary to utilize any funds from a source of funds project. When the funds are needed to establish a specific project, two A-1 forms must be submitted. One form establishes the specific project and one reduces the source of funds project by the amount needed to establish that project. The same approval procedures used for any project are used for the source of funds project and for any specific project established with those funds.

Information Technology Projects

Under the State's procurement code, the Budget and Control Board reviews governmental bodies' needs for information technology equipment, consulting services, telecommunication services, management contracts, or communications networks. To ensure compliance with the code, the Capital Improvements Unit requires agencies to provide a letter of concurrence from the Information Technology Management Section of the Office of Research and Statistical Services, along with the A-1 form to establish the project, before the project can be approved. Ideally, the IT concurrence letter should be submitted when the A-1 form is sent to the Capital Improvements Unit, but must be received prior to submitting the project to the Budget and Control Board for approval.

Demolition Projects

Permanent improvement projects involving the demolition of an existing building or other improvement must be approved in writing by the State Engineer's Office prior to establishment of the project. The approval letter from the State Engineer should be submitted to the Capital Improvements Unit with the A-1 form to establish the project.

Emergency Procurements

When an emergency procurement would, under normal circumstances, result in a permanent improvement project, an A-1 form to establish the project should be submitted as soon as practicable after declaring the emergency. While it is understood that some permanent improvement projects must be initiated quickly under emergency procurement procedures, these projects must still be approved by the Joint Bond Review Committee and the Budget and Control Board or their respective staffs.

Construction-Related Gifts

Construction-related gifts valued at \$100,000 or more must be established as permanent improvement projects, using the A-1 form. For the procedures to be followed for approval of construction-related gifts, refer to the Part II Manual for Planning and Execution of State Permanent Improvements.